

DECLARATION OF JAMES M. A. MURPHY

I, JAMES M. A. MURPHY, do hereby declare as follows:

1. I am a partner in the law firm of Rosenfeld, Meyer and Susman and have been associated with the firm since November, 1977. I am admitted to practice in the States of California and New York.

2. I make this declaration to set forth the basic facts concerning Rosenfeld, Meyer and Susman's relationship with Laurel Sullivan, L. Ron Hubbard and the Church of Scientology of California, and the attorney-client relationship which this firm had with them.

3. In either late 1979 or early 1980 I was introduced to Laurel Sullivan. Ms. Sullivan was engaged in a project concerning the structure of the relationship between Mr. L. Ron Hubbard and the Church of Scientology in its corporate form. The project concerned primarily the future structure but was prompted by and concerned as well as a number of lawsuits already filed against the Church and/or Mr. Hubbard. This project was referred to as the Mission Corporate Category Sort Out ("MCCS"). This firm was retained because of our expertise in the areas of intellectual property, corporate and tax law, which were major areas of concern in the project on which we were consulted. More specifically, my areas of expertise are in the areas of tax and corporate law, and it is in those areas that I have concentrated my work for the past several years.

1 4. Ms. Sullivan was an individual with whom our firm
2 had substantial contact in terms of providing factual
3 information necessary for our rendering legal advice,
4 providing guidance as to the client's views and goals, and
5 receiving legal advice. At the time, an attorney with our
6 firm, Alan Wertheimer, was also involved in rendering legal
7 advice on these problems. Our firm and I considered the
8 various problems from the perspective of Mr. Hubbard. Many of
9 the problems with which we dealt concerned a sorting out of
10 various affairs between Mr. Hubbard and the Church of
11 Scientology, and we often dealt with problems on which there
12 was a mutuality of interest between Mr. Hubbard and the
13 Church. While the matters upon which we rendered advice were
14 obviously specific to the circumstances, the focus of our work
15 was similar to work for other clients, i.e., how to legally
16 achieve certain ends, and what legal options were available
17 for the structuring of corporate and individual relationships.
18 I have often been asked to provide legal advice on issues
19 similar to those which I gave in the course of the above
20 representation.

21 5. It was my understanding that all of the
22 communications between Ms. Sullivan, or others associated with
23 the project, and myself or my law firm concerning these
24 matters were intended to be confidential and are subject to
25 the attorney-client privilege. Equally, when matters of
26 mutual interest between Mr. Hubbard and the Church arose, and
27 there were communications with individuals representing the
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1 Church's interests present, it was my understanding that
2 communications on such matters and the meetings themselves
3 were also intended to be confidential and are subject to the
4 attorney-client privilege. The privileged nature of the
5 relationship, and the consequent necessity to maintain
6 confidentiality, was understood by all concerned.

7 6. I have been advised that there is a question as to
8 the applicability of the attorney-client privilege to certain
9 meetings or conferences which occurred in late 1980. I recall
10 that, at that time, a series of discussions occurred, some at
11 our firm's offices, which involved individuals and attorneys
12 representing the interests of both the Church and Mr. Hubbard.
13 These meetings definitely were encompassed within the
14 attorney-client relationships I have described above. The
15 purpose of the meetings was to have a frank discussion
16 concerning the past relationships in order to enable the
17 participating attorneys to develop well-founded, legitimate
18 proposals for submission to the clients concerning the future
19 structuring of the relationship between the relevant parties,
20 notably Mr. Hubbard and the Church.

21 7. I am also advised that it is now claimed by various
22 parties that the purpose of the MCCS project was to perpetrate
23 some type of crime or fraud, and that the conferences which
24 were tape recorded were in furtherance of a crime or a fraud.
25 In relation to these allegations, I would like to advise the
26 court as follows:

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1 A. From the inception of our firm's work on the MCCS
2 project, the objective was to eliminate legal
3 difficulties which potentially or in fact inhered in the
4 way that certain relationships presently existed, and to
5 solve problems in a lawful way so that any possible legal
6 difficulties would be diminished in the future.

7 B. The relationship which our firm had to this project
8 was regular and systematic -- entailing virtually daily
9 contact. Had we at any point had reason to believe that
10 we were being consulted for criminal or fraudulent
11 purposes, we would have withdrawn from our
12 representation, and there was never any question of our
13 in fact having to do so.

14 C. The types of problems which I advised on in this
15 matter were not unlike those on which I am commonly
16 consulted. As with many clients, there were questions
17 concerning whether certain things had been handled
18 properly in the past and how they should be handled in
19 the future. Such concerns are commonly the subject of
20 advice which attorneys render.

21 8. I consider myself bound by the attorney-client
22 privilege with respect to these matters and have no authority
23 nor intention to waive the privilege. In providing the Court
24 with the general description of my firm's relationship, I do
25 so to demonstrate that Ms. Sullivan was, with respect to our
26 firm, the representative of a client with whom, it was our
27 understanding, we had a confidential lawyer-client

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1 relationship. If I were not constrained by the privilege, I
2 could of course elaborate in greater detail on all of these
3 matters.

4 I declare, under penalty of perjury, that the foregoing
5 is true and correct.

6 Executed at Los Angeles, California on January 21, 1985.

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9 JAMES M. A. MURPHY

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EXHIBIT D
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